

flagration fund, \$1,000,000—\$3,750,000; reserve, \$5,500,000; balance of profit and loss, \$750,476; life funds, \$15,293,835; total, \$26,742,035.

DIRECTORS.—The following directors now retire, and are eligible for re-election, viz.:—James Barrow, William Cliff, David Duncan and David Jardine.

July 23, 1885.

RALPH BROCKLEBANK,

Chairman.

The **CHAIRMAN** said:—Gentlemen, I have to crave your indulgence upon this occasion when I come to address a few remarks to you in connection with the business of the past year. They will be very brief, and I will endeavor to place before you some of the circumstances which have arisen in the course of the operations of the Royal Insurance Company. You are aware that 1884 is the last of another quinquennial year, and this naturally brings into review the result of previous years with its own. In looking at these results the leading impression upon the mind is the steady progress of the Company in prosperity. We have had very few exceptional years. From the commencement of the Company the story is the same—namely, progress in wealth and influence. At the present time I am sorry to say that we have to record a great number of fires, especially in Liverpool and in London, the very centres of our influence. In other places we have suffered, and I think you will know the general complaint is that the last year, owing to the number of conflagrations, has been one of the worst years for insurance companies, with very few exceptions, that they have ever had. Fires have been numerous, and the year 1884 has been one of the most anxious for the directors of insurance companies, and exceptionally trying to the managers and officers. I am sorry to say we can give you but a poor account of the year's working in the fire department. Still, I must say, that we have some profit out of the fire business, and I have no reason to discourage you, notwithstanding that our operations have not been very brilliant. I hope we shall recover in the present year some of the losses that we have sustained during the past. The directors of the Royal have now to give some account of what is usually termed their stewardship, and although the record is one of heavy loss, still the balance of fire profit is sufficient, when added to the interest, to maintain the previous dividend in that particular department. Well, gentlemen, you will, in these circumstances, consider that our affairs are progressing not very badly. I may say that fortunately we have a life department, and my anticipations of favorable results are fully realized. You may remember at our last meeting I anticipated that, although there was very little prospect of good profits from fire business, there was every reason to anticipate a good profit from our life business, and I may say that these anticipations are fully realised, as you will see by referring to the report, and the directors are entitled to say that these results are the best the Company has shown since its establishment. We live in changing circumstances, and we must look forward this year to a change for the better. The report, to which I must refer you, will show that there is a small increase in the fire premiums and a large increase in fire losses. I think I may congratulate you, considering the extent and severity of several fires which have occurred in this country, that we are able to report a balance on the right side of the account. We will now proceed to consider our position in the first six months of the present year, and I think I may say we have much brighter prospects than we had in the first six months of the previous year. Instead of a slight increase of business and a great increase of losses, we have, on the contrary, a slight reduction of business and a great reduction of losses, which leads me to suppose that we have taken a step towards our normal state of prosperity, although I would not wish you to be very sanguine about it. This year the society has completed its fortieth anniversary, and I think the directors and shareholders, and all who are interested in the society, may look back with some degree of satisfaction, if not of exultation, over its history, which is one of undeviating energy and consequent success. The Royal, it is well known, has never amalgamated with any other company. Therefore, its successes are its own, and these can be better shown by taking its income and funds in every decennial period. In 1854 the fire income was \$642,295; 1864, \$2,032,015; 1874, \$3,873,155; last year, \$4,940,780. Its accumulated fire funds in the same decennial periods were

\$335,500, \$1,016,370, \$4,068,705 and \$10,000,475. In 1884, therefore, we had a little more than ten million dollars. This, I think, will show you that the Royal has year by year made very great progress, and I have no doubt, in my own mind, that the coming years will still show as good a ratio of progress as we have ever made. There is one point in the accounts which, I think, it may be desirable to notice, and that is that the interest of the fire profit and loss account is less than it was in the previous year. This is accounted for very easily. The shareholders may not be aware that we are at present building in Chicago a very large building indeed. We found that the capabilities of the offices we had there were totally inadequate to the business we had to do, and we came to the determination to make a new erection for our own purposes as well as for the public good, and for our own good too, I hope, in the course of time. Until the building is finished and ready for occupation, we are losing the interest upon the outlay, and that is the cause of the difference between the interest on one year and another. A portion of the building, I understand, is already let, and well let, and I have no doubt that when it is completed it will yield as good an amount of interest for the outlay as any other security we are in possession of. There is a special interest attaching to the report of the life department on this occasion, because a complete valuation of the liabilities of the business has been ascertained, with a view of ascertaining the surplus there is left of life profits available for the bonus of the assured, and what amounts falls to the shareholders. The report of the actuary has been circulated, and you will have seen that the financial position is eminently satisfactory. This report of the actuary, I may say, is a very important document indeed. It only comes before us once in five years, and it is a document which I should recommend any one who takes an interest in the affairs of the Royal to study very carefully. It enters at great length into the nature of our securities, as well as into the calculations showing that we have a large balance to the credit of that account for the period named. The amount to be distributed for the participating policy-holders is \$1,301,360 as bonus, and to the shareholders \$434,375, after making ample provision for every contingency. I can assure you that that is done—ample provision is made for every contingency that can possibly arise. It is a document which I hope you will not pass over lightly, but give it your careful consideration. We now come to consider the dividend and bonus. The dividend from the fire fund is the same as last year, 22s. per share, with 3s. from the life fund, and an additional bonus of 3s., which makes the total for the year 28s. The directors thought it would be desirable on this occasion, looking at the strength of the Royal, and the large funds we possess, to have a little more dividend. Thus you get an addition of 3s. over what you got last year. For my own part, and my fellow-directors I think will agree with me, I believe when there is reasonable ground to give an increased dividend, it should not be withheld from the shareholders. You all take an interest, I have no doubt, in the value of our investments, and I am happy to say they still go on increasing beyond their book value. On December 31st the amount was \$846,970 in excess of the book value, and on June 30th \$913,515. The profit and loss account is this:—At the end of 1883 the profit and loss account balance was \$1,190,000. The fire profit this year was \$121,110, and the interest arising from the fire fund, which is a special fund, was \$121,755; the general interest, \$308,790, and the life profits, \$434,375, which make altogether a sum of \$986,035, which, with the \$1,190,000 before mentioned, makes altogether \$2,176,080. Your directors have placed to the reserve fund \$750,000; the dividend and bonus will be \$675,605; leaving profit and loss at the end of 1884, \$750,475. Our reserve fund now stands at \$5,500,000; our fire fund, \$2,750,000; and our conflagration fund \$1,000,000. I think, gentlemen, these are the leading points in the work of the past year. I can only say that your directors and your manager will endeavor, as they have hitherto done, to increase the business, but only so far to increase it as it can be done profitably. And I believe there are signs of better times. I believe the insurance companies, generally, are working more in harmony than they have previously done—that the great competition in previous years which we suffered from is, in some measure, modified, inasmuch as we all feel for each other when we are in distress, and I believe it is so at the present time. The resolution that I will now submit to you is:—“That the report of the directors be approved and adopted, and their statement of the profits accruing to the